



GOOD PRACTICE GUIDANCE
2018 LIVING WAGE ASSESSMENT
GARMENT & FOOTWEAR SECTOR COMPANIES

July 2019

In case of questions or inquiries, please, contact Kristina Stonjekova at kristina.stonjekova@mn.nl

Outline

1. About the Platform Living Wage Financials	5
1.1 Why living wage?.....	5
1.2 Effectively stimulating improved company performance on living wage	5
1.3 Annual living wage assessment.....	5
2. Aims of this ‘Good practice guidance’	6
3. Lacking areas in 2018	7
3.1 Assessing impacts (question 4).....	7
3.2 Tracking performance (question 6).....	7
3.3 Transparency (question 8).....	8
4. 2018 ranking: Assessed and featured companies	9
5. Good practice examples	10
6. Transparency	19

1. About the Platform Living Wage Financials

The Platform Living Wage Financials (PLWF) is an unprecedented alliance of 11 financial institutions representing over €2,3 trillion AUM that uses its leverage to engage investee companies from the garment & footwear, food & agricultural, and retail sectors to address the non-payment of living wage to workers in their manufacturing operations and global supply chains.

The Platform was officially launched on 27 September 2018 in The Hague. It is the first collective approach from the financial sector to deep dive into a single human right.

1.1 Why living wage?

The decision to focus on living wage has been deliberately taken because:

- supply chain wages in the sectors the Platform addresses are often 2-3 times lower than living wage estimates;
- living wage acts as a catalyzer to achieve the SDGs, in particular Goal 1: ‘No poverty’; and 8: ‘Decent work and economic growth’;
- living wage contributes to the realization of other human rights, including through the prevention of child labour and excessive overtime;
- related salient issues such as social dialogue, supplier capacity building, or responsible purchasing practices are also addressed;
- the approach effectively advances companies’ compliance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles (UNGPs);
- we have seen inadequate progress on this issue over the years and we thereby see the responsibility for the financial sector to take action on living wage.

1.2 Effectively stimulating improved company performance on living wage

The Platform seeks an integral approach as it understands individual companies cannot be expected to solve a systemic issue such as living wage on their own. It thereby:

- aims to support whole sectors to improve their collective performance. Currently, it engages over 44 companies across 3 sectors. By assessing the companies, it identifies leaders and laggards, and by advancing good practice examples, it aims to move the agenda forward. The companies’ performance on living wage is measured against 40+ KPIs aligned with the UNGPs. Progress is monitored each year. Subsequently, each Platform member makes its own investment decisions based on (the lack of) progress;
- has an active relationship with external stakeholders such as unions, NGOs, and multi-stakeholder initiatives. As of Q2 2019, external stakeholders can become ‘Friends of the Platform’, a partner group that challenges, inspires, informs, and provides feedback to the Platform;
- engages external asset managers in order to expand its impact and activate the financial sector on its role in advancing living wage.

1.3 Annual living wage assessment

To effectively stimulate improved company performance on living wage and support companies in setting a new transparency standard on wage-related disclosures and impact on the ground, we explore new tools and approaches that have the potential to create

additional incentives for companies to upgrade their operations in a way that improves living wage (and other human rights). The Platform has drawn authority and recognition from the high-quality content it has produced, in particular, the high-standard that has been set for assessing investee companies against its living wage assessment methodology.

By assessing investee companies against a robust UNGP-aligned living wage assessment methodology and tracking progress over time, the Platform develops high quality data on the social performance of investee companies that cannot be obtained from external sources. Notably, the methodology was developed with external support and validation from a UK accountancy firm Mazars that co-created the UNGP Reporting Framework alongside Shift. It has been made publically available.

Ultimately, our work contributes to building a new data standard of social indicators that could feed into investment decisions in a more straightforward way.

We do not aim to create another benchmark

We realize that benchmarks have not always been helpful in moving companies forward and that too much benchmarking can do more harm than good.

We, the PLWF, have thereby adopted an approach whereby we acknowledge that the objective behind the living wage assessment is not to create yet another benchmark that will lead to no performance-related changes on the part of the companies assessed (or, in other words, “to benchmark for the sake of benchmarking”). The objective of the living wage assessment is to stimulate sector-wide progress and to ultimately lift the level playing field. Concrete scores per company are thereby not be communicated publicly, but they serve as a guide for follow-up dialogues between investor-members of the Platform and our investee companies.

Measuring human rights performance remains a challenge

We believe that the individual review sheets and accompanying scoring are useful from an engagement point of view (investor-investee), but do not necessarily reflect the underlying sectoral issues and themes. To put it bluntly: What is one point extra in terms of human rights? There are no fundamental units for measuring human rights. Since any human rights measurement is always just a proxy for, not an indicator of, good human rights management, understanding the context in which brands operate by directly engaging the brands as well as other relevant stakeholders is and will remain essential. Thereby, going beyond the living wage assessment, we would like to see that companies embrace their ownership over the living wage implementation process. As investors, we are not interested in window-dressing activities, but in an open and honest sharing of what works, what does not, and what support is needed.

2. Aims of this ‘Good practice guidance’

We intend to use this ‘Good practice guidance’ as a functional tool to support the quality and effectiveness of our engagement going forward. We also encourage our investee companies to refer to this document when surveying and assessing the practices of their industry peers.

Importantly, the PLWF intends to keep and maintain this ‘Good practice guidance’ as a ‘living’ document and update it as companies’ performance and reporting develops and matures.

3. Lacking areas in 2018

Status quo is not always a sufficient ‘good practice’

The current ‘good practice’ examples presented below give a good overview of where the sector currently stands. However, especially in areas related to questions 4 (Assessing impacts), 6 (Tracking performance) and 8 (Transparency), it does not necessarily reflect where we would like the sector to go since we see no clear ‘best practices’.

3.1 Assessing impacts (question 4)

- Element C3 of the UNGP Reporting Framework asks companies to identify any changes in the nature of the identified salient human rights issues, in this case living wage. More broadly, it has to do with data collection processes, but in essence it is about impact measurement. The salience perspective in the UNGPs focuses on those people whose lives are adversely impacted by a company’s business operations and companies should therefore assess what their exact adverse impact is. With regard to a living wage, this goes beyond social compliance audits and wage data collection processes and should include a holistic assessment of how working conditions (i.e. wage or compensation) affect workers’ lives.
- The companies assessed in 2018 did not show any best practices with regard to this form of impact assessments. The highest ranking companies on this question provided evidence that an external assessor was engaged to review the impact on workers’ lives. However, there was no company that would clearly disclose whether and how they engaged with local trade unions or collective employee representation groups on wage-related topics. Companies were also unable to showcase that they have holistically assessed real working conditions (e.g. the relation between overtime and wages) and how these adversely affect workers’ lives.
- We would like to see more awareness and acknowledgement that impact assessment goes beyond social compliance audits and wage data collection, regardless of how big the supply chain is. What is needed is on the ground information, including an analysis of workers’ working conditions and how these affect living circumstances. Ultimately, we would like to encourage companies to be more vocal about the impact sub-living wages have on supply chain workers in view of the existing wage gap between actual and living wages, as well as workers’ own aspirations.

3.2 Tracking performance (question 6)

- Element C5 of the UNGP Reporting Framework concerns the measurement of the impact of company actions implemented to address ‘adverse impacts’ (salient human rights issues) identified under element C3. With regard to living wages, this means that companies should measure the effect of their mitigating actions on workers’ lives. Similar to Question 4 of the assessment methodology (‘Assessing impacts’), we have not identified any clear best practices during the 2018 living wage reviews.
- Generally speaking, in companies’ public reporting there is a strong focus on social compliance and their efforts to mitigate adverse impacts on workers’ lives rather than the *effects* of those efforts. Companies should make an effort to identify the effectiveness of the actions that they have implemented to mitigate adverse impacts. Provided adverse

impacts have not been successfully mitigated, companies should consider an alternative course of action.

- Measuring the effects of companies' mitigating actions also demands more transparency from companies on their data collection and analysis processes as well as the internal review process. This is to enable continuous learning and effectively lower the adverse impact on workers' lives in the long term. Even the currently highest-scoring companies struggle to assess the effect of different factors, including their own interventions, on supply chain wage growth. This lack of understanding of wage trends over time and companies' own influence on these trends – if any – remains an issue. Although undoubtedly a challenging exercise, going forward we will ask for improved data collection, tracking of wage trends over time, and more transparency. We would also like to see increased involvement of key stakeholders (such as NGOs or worker representative groups) in reviewing and challenging companies' living wage programs.

3.3 Transparency (question 8)

- Although the average standard of disclosure in the garment and footwear sector has notably improved, the data that is reported often remains inadequate in the level of detail provided. For example, we expect that companies are able to indicate concrete, detailed, and quantitative information regarding the results of their social audits and trends in excessive overtime and freedom of association (at least on a country level), as well as the number and content of collective bargaining agreements that apply to the companies' supply chain workers. We believe that the collection and interpretation of such data is essential to enable progress toward the payment of a living wage.
- An important disclosure area concerns **purchasing practices**. For example, the mechanisms that garment & footwear brands use to calculate the cost for which they purchase a garment from their suppliers remain a black box for external stakeholders, including investors. Increasingly more brands indicate they use open costing in their relationship with their suppliers. Such an open costing model specifies different components of the price and it gives the buyer an insight into whether suppliers have arrived at a reasonable costing estimation of the different components. It is unclear whether – and if so, how – brands use costing transparency to assess the 'adequacy' of the labour cost component. Open costing is thereby a good start, but certainly not an end game. Concrete insights into the labour minute cost and unit labour cost would go a long way and they might even enable the brands to develop a pricing model that accounts for the cost of providing a living wage. Provided a company takes steps to integrate the cost of providing a living wage, we would also expect pricing transparency towards consumers. Brands should consider indicating what the 'sustainability premium' of the retail price entails, and by that empower consumers to make more conscious purchasing decisions.
- Overall, increased transparency is needed to ensure the integration of the living wage policy or statement in the heart of the business and to show progress or explain its lack on the ground.

4. 2018 ranking: Assessed and featured companies

2018 ranking	
Ranking	Assessed companies
75-100% Leading	<i>None</i>
50-75% Maturing	adidas; Asos; Esprit; Gildan; H&M; Inditex; M&S; Primark (Associated British Foods); Puma; PVH
25-50% Developing	Amer Sports; Burberry; GAP; Hanesbrands; KappAhl; Lojas Renner; Nike
0-25% Embryonic	Anta Sports; Asics; LVMH; VF Corporation

Companies featured as current 'good practices' per individual questions	
Question	Highlighted companies
1. Policy	Inditex; M&S; Esprit; Asos
2. Definition	PVH
3. Engagement	Puma; Primark/ABF
4. Assessing impacts	PVH; M&S; Esprit; Nike
5. Integrating findings	adidas; H&M
6. Tracking performance	Puma; adidas; H&M
7. Remedy	Puma; adidas
8. Transparency	adidas; H&M, M&S

Unless explicitly stated otherwise, the good practice examples below contain information from the 2018 living wage assessment that was closed off in August 2018.

5. Good practice examples

Question	Examples	Evidence
<p>Policy (UNGP C1): Is there a specific living wage policy or statement?</p>	<p>Please note: 10 out of the 21 companies that were assessed last year showed comparable performance on this questions of the methodology. Below we showcase the performance of 4 out of these 10 companies.</p> <p>Esprit “Esprit feels strongly that the workers making our products should be able to live on the money they earn. The topic of low wages has been controversial in the apparel industry for many years. The industry is highly fragmented, with multiple competing brands sharing factories, which are scattered across the globe, which making is calculating a living wage is a complex and intricate issue. The sharing of factories makes it difficult to bring about systemic change without cooperation among competitors in the industry, as well as with governments, unions, workers and factory owners. Reaching a consensus regarding the understanding of fair living wages presents one of the industry’s biggest challenges.”</p> <p>Jose Manuel MARTÍNEZ GUTIÉRREZ Executive Director and Group CEO: "Our Accomplishments: <i>We are particularly proud of the progress we have made over the past year in the following areas: (...) Living wage: We are part of the ACT (Action, Collaboration, Transformation) Initiative, a multistakeholder platform that aims to implement a living wage in garment manufacturing regions by enabling industry collective bargaining in major producing countries... More broadly, we at Esprit aim to move into a leadership position regarding sustainability (...) We will rethink our buying practices and align them with our goal of supporting a living wage in manufacturing regions.</i>"</p>	<p>https://www.esprit.com/press/sustainabilityreport/ESP_Sustainability-Report_FY1617_EN.pdf – page 9, 14 and 17. https://www.esprit.com/sustainability/people/living-wage/</p>
	<p>M&S “We're committed to respecting internationally recognised human rights and the principles and guidance in the United Nations (UN) Guiding Principles on Business and Human Rights as a basis for dialogue and action. We also support the OECD Guidelines for Multinational Enterprises. (...)” Fiona Sadler, Head of Responsible Sourcing, and her team are part of M&S' sourcing department and report to the Sourcing directors. M&S therefore has integrated human rights and sourcing which assures an adequate understanding of human rights issues within the sourcing department. “M&S' Human Rights Policy and Global Sourcing Principles are both aligned with international standards. We are in fact part of the Central Sourcing team and report directly to the Sourcing Directors. As such we are integral to the procurement processes and the costing function. In addition, we carry out buyers training on all elements of Human Rights including salient issues such a living wages.” M&S' Human Rights Policy and Plan A 2025 commitment is approved by the company's CEO, Mr Steve Rowe.</p> <p>Our Plan A governance structure: M&S plc Board and Operating Committee Our CEO oversees our work on sustainability. He is supported by the M&S plc Board and Operating Committee who are responsible for ensuring that every part of our business is clear about its Plan A obligations. The main Board is updated on Plan A at least once a year. The Board completes a Group Risk Profile every six months. Key social and environmental risks such as climate change are assessed separately, but are generally considered as contributory factors to wider business risks related to the M&S brand and the continuity of our operations and supply chain. Our approach to risk management is outlined in our Annual Report. Social and environmental risks are outlined in our Plan A Report.</p> <p>“Plan A Committee Our Plan A Committee meets quarterly to ensure that sustainability is integrated into the day-to-day management and operations of the business. It reviews our progress against Plan A commitments, and the way in which we manage risks. Our Director of Sustainable Business, who reports directly to the CEO, chairs the committee, which includes senior management representatives from key parts of our business plus our Head of Sustainable Business and our Corporate Head of Human Rights. The Chair formally updates the CEO and full Board at least once per year. Sustainable Retail Advisory Board Our Sustainable Retail Advisory Board meets every 6 months to provide guidance and insights. The Board also challenges us to do even better on our journey to become a more sustainable business. The Advisory Board includes renowned and respected external sustainability experts. It's jointly chaired by our CEO and the founding director of Forum for the Future, Jonathon Porritt.” “To deliver Plan A we need the right resources and a range of knowledge and expertise. We build this capacity and capability through a number of initiatives: •Training our senior business leaders on responsible leadership”</p>	<p>https://corporate.marksandspencer.com/plan-a/business-wide/human-rights#5b9001553e664a66b51ca743220b93a1 M&S Human Rights Policy M&S Global Sourcing Principles Plan A 2025 commitment https://corporate.marksandspencer.com/plan-a/delivering-plan-a/#fc9c58e158124c46967495add2475d1a</p>

	<p>Asos</p> <p>“Our Board approved a new Ethical Trade Strategy in January 2017, setting out our long-term vision for increasing respect for workers’ rights across our supply chain. Our strategy is two-pronged – it focuses on improving our business practices to protect human rights in our supply chain from the top down, while empowering workers to realise their fundamental rights from the bottom up. Our key priorities centre on (...) Living Wage.”</p> <p>“The following are examples of the best practices we have adopted under each of the UN Global Compact Advanced Level reporting criteria and contains: (...)</p> <p>8 - THE COP DESCRIBES EFFECTIVE MONITORING AND EVALUATION MECHANISMS OF LABOUR PRINCIPLES INTEGRATION (...): Dialogues with the representative organisation of workers to regularly review progress made and jointly identify priorities for the future.</p> <ul style="list-style-type: none"> • We have a memorandum of understanding with the global union IndustriALL on living wage as part of ACT. • We are members of the ETI, which is a multi-stakeholder initiative involving brands, unions and NGOs.” <p>“PURCHASING PRACTICES</p> <p>We understand that our commercial actions have a direct impact on our suppliers’ and factories’ ability to meet our standards, so a key remit of the team is to review ASOS’ purchasing practices each year in an effort to identify ways to strengthen our supplier relationships. We work closely with our Buying and Merchandising teams to implement recommendations to further embed ethical trading in our sourcing decisions.” - Living wages forms part of this.</p>	<p>https://www.asosplc.com/~media/Files/A/Asos-V2/documents/corporate-responsibility/asos-ungc-cop-2016-17.pdf, pp. 7 and 38</p> <p>https://www.asosplc.com/corporate-responsibility/our-products/ethical-trade-programme</p>
	<p>Inditex</p> <p>“Achieving living wages is one of the most important challenges in the industry, therefore it forms part of one of the programmes included in the Workers at the Centre strategy. “</p> <p>“Inditex has the Social Advisory Board, which is an advisory body in the area of Sustainability. The Board of Directors resolved in December 2002 to create such body, and approved its Regulations, which determine the principles of action, the basic rules governing its organisation and proceedings and the rules of conduct of its members. The Board of Directors resolved in 2015 to amend the Regulations of the Social Advisory Board for the purposes of driving the Group’s strategy in the following areas: (i) the Social Responsibility Policy; (ii) the Code of Conduct for Manufacturers and Suppliers of the Group; (iii) the Environmental Sustainability Policy; and, (iv) the Code of Conduct and Responsible Practices of the Group.”</p> <p>“At Inditex, we have aligned our strategy with the United Nations 2030 Agenda for Sustainable Development, adopting a firm commitment to the 17 Sustainable Development Goals (SDGs), in line with the Group’s commitment to sustainability and respect for Human Rights across the value chain. Inditex has acquired formal policies and procedures and has made progress in formalizing due diligence and grievance mechanisms as an essential component of the Human Rights Policy, approved in 2016.”</p>	<p>https://www.inditex.com/documents/10279/563475/2017+Inditex+Annual+Report.pdf/f5bebf4-edd2-ed6d-248a-8afb85c731d0, pages 31, 32, 34 and 87.</p>
<p>Policy (UNGP C1): Does the company formulate a definition for a living wage?</p>	<p>PVH</p> <p>PVH Code of Conduct - A Shared Commitment: “Compensation and Benefits: Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Our business partners must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. If the compensation paid does not meet the workers’ basic needs and provide some discretionary income, our business partners are required to take appropriate actions that seek to progressively realize a level of compensation that does.”</p> <p>In the explanation provided in the CSR Supplier Guidelines pertaining to the company's Code of Conduct, the company also refers to the employee's families: “Compensation and benefits (...):What does it mean?: Providing payment to an individual for services rendered. Sufficient wages and benefits are essential for meeting the basic needs of employees and their families.”</p> <p>“Worker’s Basic Needs: Basic needs include essential expenses such as food, clean water, clothes, shelter, transport, education and some discretionary income, as well as the workers’ costs for legally required social benefits if applicable (e.g. health care, medical insurance, unemployment insurance, retirement plan, etc.).”</p>	<p><i>PVH CSR Supplier Guidelines (p. 87-88):</i></p> <p>https://www.pvh.com/~media/PVH/Files/corporate-responsibility/PVH_CSR_SupplierGuidelines.ashx</p> <p><i>PVH Code of Conduct - A Shared Commitment:</i></p> <p>https://www.pvh.com/~media/PVH/Files/corporate-responsibility/PVH_CSR_SupplierGuidelines.ashx</p>

Engagement (UNGP C2):

What processes are in place to collaborate with others to help advance the payment of a living wage?

Puma

Puma mentions how, through its collaboration in FLA, SAC, ILO and Textile Partnership, it is advancing the payment of a living wage in their supply chain.

- PUMA is an active and accredited member of the Fair Labor Association and continues working towards improving the labor conditions in the supply chain through the FLA sustainable compliance initiative. Please visit our section External Audits to learn more about PUMA's collaboration with the FLA.
- PUMA's collaboration with the Sustainable Apparel Coalition (SAC) continues with PUMA playing an important role in several important SAC milestones, most notably the testing, development and launch of the Higg Index 2.0 that measures the environmental performance of apparel products.
- In 2012 PUMA deepened its engagement with the Better Work program by becoming a Buyer Partner. As a Buyer Partner, PUMA commits to using only Better Work audits in lieu of its own social assessments in relevant markets in Vietnam, Cambodia, Jordan and Bangladesh as part of a strategic commitment to bring down social audit fatigue. PUMA also supports Better Work's expansion to related industries such as footwear and other strategic growth areas.
- The Textiles Partnership was established on 16 October 2014. The multi-stakeholder initiative, comprising textile and clothing industry, retailers, trade unions and civil society, will pool the strength and expertise of its members in order to bring about social, ecological and economic improvements all along the textile supply chain. In so doing, the Textiles Partnership aims to tackle common challenges more effectively, exploit synergies through joint projects on the ground, learn from one another and thus improve underlying conditions in the producer countries.

PUMA 10FOR20 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY (27 % of audits shared in social and labour convergence programme (SLCP) on the website (stakeholders): PUMA's collaboration with the Sustainable Apparel Coalition (SAC) continues with PUMA playing an important role in several important SAC milestones, most notably the testing, development and launch of the Higg Index 2.0 that measures the environmental performance of apparel products.

In its Code of Conduct PUMA has embedded a written commitment to the payment of fair wages. The FLA Fair Compensation strategy, launched in February 2015, which is a multi-year project with three phases, is designed to help FLA-affiliated companies, including PUMA, to operationalize their Code of Conduct commitment to fair compensation, and provide clear and transparent mechanisms for the FLA to hold companies accountable. The Fair Compensation plan adopted in February 2015.

The third party audit results & the shared audit results in the SLCP (see below) feed into the performance summary (see 2017 annual report page 63).

Primark

ACT: Primark has committed to advance the payment of living wage in its supply chain through its ACT membership. It participated in the ACT 2017 self-assessment questionnaire on purchasing practices conducive to living wage. The company claims to have interviewed the greatest amount of employees of all participating brands. Representatives from Primark's Sourcing team are members of the ACT Working Group, and the pilot survey has been completed by buyers and merchandisers across a range of departments, with the support of Buying Directors, and Sourcing and Trading Director. The company has also clearly indicated that the discussion around appropriate purchasing practices has gained a lot of traction within Primark. The emphasis is on making buying practices more consistent, giving buyers more training, using open-costing tools for larger orders, define wages within the costing, etc. The company is in the process of reviewing its purchasing practices in view of the outcomes of the self-assessment questionnaire. ACT is creating an industry benchmark and guiding principles for responsible purchasing practices, and will establish indicators to measure and evaluate the continuous improvement of purchasing practices, and establish best practices.

Other programmes: Primark has been also providing capacity building programmes for suppliers and workers to enable them to make lasting improvements within the workplace. Many of these involve additional partners who are experts in their field and implementation. In relation to living wages, for example, Primark has piloted a programme called Suddokho to increase decent pay for workers by a technical and vocational skills training programme. Benefits can be multiple: for workers, increasing their skills can provide opportunities to increase pay and benefits; and for manufacturers, investment in their workforce can increase productivity and capacity to create higher value product. The programme has a strong monitoring and evaluation framework, including tracking participants for three years after the programme to assess their income levels. Bangladesh was selected for

<http://about.puma.com/en/sustainability/reports/puma-s-sustainability-reports>
<http://about.puma.com/en/sustainability/stakeholders/civil-society-and-public-organizations>
<http://about.puma.com/en/sustainability/supply-chain/external-audits>
<http://about.puma.com/en/sustainability/supply-chain/capacity-building>

[2017 WDI disclosure](#)
[2017 CHRB disclosure](#)
[Primark's corporate website - 'Running education programmes': https://www.primark.com/en/our-ethics/people-production/running-education-programmes](https://www.primark.com/en/our-ethics/people-production/running-education-programmes)
[2017 sustainability update - 'Spotlight on living wage': https://www.abf.co.uk/cr2017/dist/documents/ABF_CR17_2017.pdf](#)
[Primark's corporate website - 'Internationally-recognized standards': https://m.primark.com/en/our-ethics/people-production/standards-in-factories](https://m.primark.com/en/our-ethics/people-production/standards-in-factories)

	<p>the programme current training systems in the Bangladesh garment and textile sector rarely reflect international best practise and employers suffer from limited appreciation of the benefits associated with investing in a skilled workforce. Primark has disclosed that wage and bonus increase and improvements in paid overtime and access to benefits have been among the outcomes of this program.</p> <p>Learning from the programme will feed into ACT as part of the work on world class manufacturing standards, as Primark's own programme to support workers.</p>	
<p>Assessing impacts (UNGP C3): What processes does the company use to identify the impacts of paying wages below a living wage level as included in their policy or statement?</p>	<p>Esprit “Esprit has begun compiling wage data for the areas where our products are made. In addition to knowing the local minimum wage, we seek to understand how much workers actually earn and take home, as well as basic cost of living information in the areas where they live. Part of this data comes from the Fair Remuneration Scan that is part of BSCI audits.” In terms of indicators, following up on the In Holland research, we are preparing some analysis on what workers earn in our producing countries and what the living wage level should be. Taking our lead from ASN’s work, we are using Wageindicator.org data combined with our own to identify the countries where we believe the situation to be most critical. We will then look at what we can do in those places. Note that, as an ACT member, we don’t like to benchmark. Overall, I expect our work to be mostly supporting the ACT agenda, combined with pushing to get wage ladders in places where ACT is not working. We will identify where the problem is most acute, and then do what we can there until a comprehensive solution can be found. We have one program in Serbia where we think we can push wages up somewhat. Management told us that they originally had intended to hire experienced workers at a higher wage level, but could not find enough. They hired inexperienced workers at the minimum wage, instead. We want a program to train the inexperienced workers so that they can earn more. Such a program won’t be a solution, but it will be a useful step in the right direction.”</p>	<p>https://www.esprit.com/sustainability/people/living-wage/ <i>Information also provided directly by the company</i></p>
	<p>PVH “As a leading global apparel company with nearly one million workers in our supply chain, we have an opportunity and obligation to uphold the rights of the people making our products and help improve their lives. The competitive nature of our industry can cause distinct challenges for workers, who may face unacceptable risks including working in unsafe buildings, poor labor conditions and insufficient wages.” “Wages and benefits are an important component of a successful business and a viable local community. Although there is a perception that reducing wages will make a company more profitable, workers who are well compensated are typically more motivated and therefore more productive, thereby negating any potential savings. Additionally, paying sufficient wages makes it easier to attract and retain qualified, skilled, and productive workers.” “(...) As you are aware, the issues surrounding “living” wages is complex. PVH believes working through multi-stakeholder organizations is the best way to make sustainable and positive impact. (...)” “PVH Corporate Responsibility team members continuously monitors changes in minimum wages through government reports, information from country-based ILO offices, and alerts from our third party auditing partner, which maintains a live database of wage data and labor laws. PVH works to ensure that all suppliers in our supply chain meet new wage requirements as they come into effect.”</p> <p>"PVH, in partnership with our third party auditing partner, is able to map worker compensation over time since our factories are subject to regular audits. Worker compensation and benefits data collected through our Corporate Responsibility Assessment Tool is cross-referenced with country-level wage data to confirm alignment with fair compensation standards and action taken when wages or pay practices do not adhere to requirements." "PVH monitors compliance with all of our requirements throughout the product development process and partners with suppliers to address any identified risks or violations. We conduct pre-sourcing assessments before a factory is allowed to produce PVH product, conduct regular audits once production begins, work closely with factories to remediate any identified deficiencies and, when necessary, terminate supplier factories that commit the most significant violations of our policies, procedures or guidelines (e.g., forced or child labor) or fail to remediate other violations in accordance with corrective action plans (“CAPs”) that are put in place. Factory audits are guided by a Corporate Responsibility Assessment Tool that measures compliance through metrics based on the requirements of A Shared Commitment, including specific metrics tied to compensation and benefits. As part of the audit, we also seek workers’ views in confidence, so that we can hear, first hand, about factory conditions."</p>	<p><i>2016 PVH CR Report -</i> https://www.pvh.com/~media/PVH/Files/PVH%2016%20Corporate%20Responsibility%20Report.ashx <i>x</i> <i>PVH CSR Supplier Guidelines:</i> https://www.pvh.com/~media/PVH/Files/corporate-responsibility/PVH_CSR_SupplierGuidelines.ashx <i>PVH's response of 18 Dec. 2017 to the CCC report on living wage in Central, East and South East Europe (Nov 2018):</i> https://www.business-humanrights.org/sites/default/files/PVH%20response.pdf <i>Information also provided directly by the company</i></p>

“As part of this work with FLA, PVH is mapping the impact of paying wages below a living wage level through the FLA’s assessment of purchasing power of average compensation in countries where our suppliers are concentrated. These analyses take into consideration income benchmarks, adjustments for inflation, and living wage figures to determine whether worker compensation can sufficiently meet basic needs.”

The company also stated that with respect to auditing wages, it does not look at a particular benchmark that auditors should follow, but the FLA 2.0 wage collection tool will be part of its audits in 2018.

Nike

Nike is aware of wage changes in its supply chain through its work with FLA (external audits), the academic advisors from Berkeley and its own auditing Factory Compliance Ownership program.

Nike recognises its involvement in paying less than living wage and the company is aware of wage changes in its supply chain through audits. Nike states on its website (in ‘Learning from the past’): “We have also faced criticism for sourcing from contract factories – often called “sweatshops” – with low wages and poor working conditions (...) and made to work excessively long hours – all for poor wages. These kinds of conditions unfortunately do exist in our industry, often in countries without the means to enforce the law and at factories solely focused on producing low-cost product. (...) We have a very clear set of standards we require every factory to comply with or to exceed (yet) we do see examples where the working conditions can be improved and we do see factories that are not providing a safe workplace, or paying wages correctly. That’s when we take action. (...)”

“In addition to tracking non-compliance events, we continue to evolve our compliance expectations and monitoring program. This included transitioning in FY16 to a new system for managing factory compliance known as the Factory Compliance Ownership program, which has a more detailed and robust audit protocol. In early FY18, we updated our Code of Conduct and Code Leadership Standards to elevate key expectations.”

“Better run factory should be more profitable and should then be able to pay higher wages, in exchange for benefits such as lower turnover, higher productivity, and better quality product. Workers are key to delivering on the promise of high quality and high productivity, and need to be compensated accordingly. Since FY15, we have partnered with a leading academic, factory management, workers, and third-party experts to see if we could increase the value created in a factory and see it shared between management and workers. Our pilot tested three different approaches, each focusing on productivity improvements, shared value creation, and employee engagement. Our vision is that each and every worker at our suppliers’ facilities are provided a workplace, with robust safety management systems that foster a strong culture of safety, and paid a fair wage.”

“As a baseline for working with us, factories must comply with our Code of Conduct and Code Leadership Standards which are aligned with International Labour Organization (ILO) standards. To assess progress, we regularly audit contract factories against our Code of Conduct and Code Leadership Standards, often with the support of independent third-party organizations such as Better Work (a joint program of the United Nations ILO and the International Finance Corporation, a member of the World Bank Group) and the Fair Labor Association (FLA). Results of audits done by these third-party organizations are shared transparently through their sites.”

<https://sustainability.nike.com/building-supplier-capabilities>
<https://sustainability.nike.com/partnerships-collaborations>
<https://investors.nike.com/investors/news-events-and-reports/Sustainability/>
<https://sustainability.nike.com/learning-from-our-past>

M&S

M&S has hired Impactt to do both field and desk research on living wages. This analysis includes the analysis of current wage levels in the factories. The research looks at prevailing wages and industry wages. Following this, some forensic off-site audits will be conducted to ask workers about their point of view on their needs. The data will be contrasted with existing benchmarks (FLA, Asia Floor wage). The methodology used in this process supposedly looks at living wage figures and benchmarks its factories against each other and against publicly available wage information. The company has indicated that the results of this analysis will probably be used to drive a consolidation process across its production locations.

Information provided directly by the company

Integrating findings (UNGP C4): What action does the company take to progress on the payment of a living wage?

H&M (including post-2018 assessment information)

H&M published a progress update on its Fair Wage Strategy that was launched in 2013. The company has made most progress on its objective to empower garment workers by ensuring that they are represented by democratically elected representatives and on implementing improved wage management systems.

H&M has committed to completely remove labour costs from price negotiations. This means that workers' wages cannot be negotiated down by merchandisers (as opposed to quality, material etc.). If wages increase as a result of a collective bargaining agreement, H&M's 'scientific pricing method' ensures the money needed to pay for these wages is accounted for. This method involves suppliers sharing with the company all the major cost components that contribute to a product's price, including the labour cost component. H&M claims it would never stop working with its suppliers only because wages go up. The company recognizes that living wage constitutes a fundamental human right, so wages need to go up; in other words, the company wants labour costs to go up.

H&M is thereby 'prepared to pay the cost of labour' and it never negotiates this part. However, there is still a longer way to go, as H&M wants 'the money to end up in the pockets of the workers'. This is indeed not a straightforward process, but H&M is positive that they can eventually achieve this.

H&M also supports its suppliers in developing appropriate wage management and wage-setting systems. Currently some 500 factories in 10 countries H&M sources from are working to improve their wage management systems. This is around 67% of H&M's total product volume (about 635,000 workers). The company stressed that this is not only about payment, but also about how human resources are managed more broadly. For example, part of this work involves: Changing the mindsets of suppliers and middle management to understand that there is a business case to invest in the workforce and the happiness of the workforce.

"H&M wants all workers in its supply chain to get a Fair Compensation for the work they do. Part of this commitment will be to ensure robust and functional Wage Management system within all factories.

The definition of Management System for H&M is: A set of connected elements that organizations use to implement policies and achieve objectives.

A Wage management system would therefore be understood as the policies, processes and practices around Wages.

The definition of a functional Wage Management System for H&M is: A wage management system that at a minimum has the below 4 mechanisms imbedded and executed within its human resource organization.

1. Proper and correct payment of wages according to individual contracts, legal regulations and existing collective bargaining.
2. Internal development of human resources policies and processes to ensure competitiveness, high motivation and sustainable social climate in the factory.
3. A progressive and coherent pay system that rewards workers according to their, skills, education, performance and experience.
4. Proper mechanisms of workers' involvement in factory decisions that generate a process of communication and possible negotiations on the content of wages and payment structures."

"2017 PROGRESS & LEARNINGS

FAIR LIVING WAGE

• In 2017, we scaled up implementation of wage management systems (using the Fair Wage Method, FWM) to reach a total of 227 factories (2016: 140, 2015: 69). In 2017 Myanmar was also included as a new market. This means that the FWM is now operating in factories who supply 40% of our product volume, bringing us close to meeting our 2018 goal."

Ensuring that workers working the same job get the same wages. In this context, introducing appropriate wage-setting systems is essential. Workers should be paid for their skills, performance, effectiveness, and efficiency. Thereby H&M is also helping the factories to put evaluation systems in place so that highly skilled, more productive workers earn more than non-skilled workers and so that wages can increase as workers' productivity or skills increase.

<http://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/WMS%20Guideline.pdf>
http://sustainability.hm.com/en/sustainability.html#cm-menu_pg_64
H&M has published the main outcomes of its Fair Wage Strategy at:
<http://about.hm.com/en/sustainability/sustainable-fashion/wages/key-impacts-and-learnings.html>

	<p>Adidas Adidas implemented a Standard Minute Value (SMV) Costing system with its apparel suppliers in Asia and has started to do the same with its apparel suppliers in the Americas. This costing system allows for further transparency in the costs of materials, labour, and overhead to produce Adidas' apparel products.</p> <p>To address the ratings perceived as unfair of Wage Share and Wage Costs, the factory organized an employee credit cooperative (co-op) so that workers could earn extra income through their remuneration through the factory in dividends, profit sharing, patronage refunds, and rice-giveaways. The co-op started with 25 members in 2012; by 2017, it had 1,619 members, about 38% of the workforce of this supplier. Additionally, adidas supported the World Council of Credit Unions, Inc. and the Global Alliance for Workers and Communities in developing guidance for factory owners and worker to create cooperatives that could benefit factory workers. This guidance includes the different types of co-ops and how to start a coop, and is provided to Adidas suppliers who are interested in starting child care, credit, health, or other worker owned co-ops. FLA considers Adidas' support of suppliers to develop co-ops as a best practice in exploring different ways to ensure workers are able to have some discretionary income.</p> <p>Adidas has a strict procedure on accepting late adds or changes to a product program or purchase order; these procedures include specific timelines for accepting late adds or changes, an approval process, and standards on delays of late add purchase order completion. Lastly, Adidas has a comprehensive policy on apparel minimums that can be accepted from retail buyers. This minimum policy directly relates to the suppliers' operational minimums that can impact the supplier's operations, production lines, and costing. If purchase orders under the minimum policy must be accepted, Adidas includes an upcharge that is usually absorbed by Adidas, resulting in a lower profit margin for Adidas.</p> <p>Adidas also focuses on building long-term, collaborative relationships with its key suppliers. In particular, the company works with its suppliers to remain competitive even if labour costs go up. It works with them to improve efficiency, drive automation, LEAN management, worker training, capacity building etc. In his context, Adidas stressed that collaborative approach to wage negotiation and setting is not the only way to improve wage standards. Adidas believes that it is new technologies, factory automation, lean manufacturing programs, training (also of middle management and supervisors) etc. what enables Adidas and its suppliers to remain competitive in a tighter business environment. Adidas also focuses on this at a peer-group level. The company believes that this is the right approach in supporting its business partners to manage growing labour costs and remain competitive.</p>	<p>http://www.fairlabor.org/sites/default/files/documents/reports/adidas_reaccreditation_assessment_october_2017.pdf - pg 18, 19 and 25.</p>
<p>Tracking performance (UNGP C5): What qualitative and quantitative indicators are used to monitor the effective implementation of the living wage policy or statement?</p>	<p>H&M (including post-2018 assessment information) KPIs are included in H&M's Wage Management System, which it has introduced at suppliers representing 67% of the production volume. H&M reports wage data in its Sustainability Report, It states that these data are collected through SIPP (Sustainable Impact Partnership Program), which is H&M's own data collection program.</p> <p>H&M group has worked with the Fair Wage Network (FWN) in 336 factories in China, India, Bangladesh and Cambodia to deliver training on fair wage management. In 2017, H&M group reported that "227 supplier factories, covering over 375,000 workers, have implemented an improved wage management system".</p> <p>With reference to the FWN's 12 Dimensions of a Fair Wage, workers responding to our small sample survey highlighted that dialogue between workers and managers had improved. Some workers had seen progression to better paid jobs, in recognition of their skill level, and others had noted clearer pay slips or payments occurring on time.</p> <p>The FWN's own 2017 evaluation of 198 of the 336 suppliers implementing the fair wage management found that while there was definitely room for improvement on remunerating workers in line with their skills and workplace dialogue, wages had typically risen in participating factories.</p>	<p>http://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/Wage%20progress_180410_FINALE.pdf H&M A Guideline to factory Wage Management System: http://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/WMS%20Guideline.pdf http://sustainability.hm.com/en/sustainability.html#cm-menu pg 65 H&M Sustainability Report 2018 (pp.62, 72 and 75) ETI review of H&M's Fair Living Wage Roadmap: https://www.ethicaltrade.org/sites/default/files/shared_resources/ETI-HM%20FLWR%20Review_0.pdf</p>
	<p>Adidas Adidas has provided active support of the implementation of the FLA Fair Compensation Strategy with wage data gathering exercises in Honduras, Ukraine and Cambodia. In 2017, the FLA accredited the Adidas program for the third time. To provide information for the accreditation, nine years of social compliance work was evaluated, reviewed and verified, including factory assessments, annual reports, third-party complaints, participation in strategic projects for forced labour, migrant workers' protection, fair compensation, remediation, workplace standards alignment, responsible sourcing practices, and collaboration with civil society and brands.</p> <p>"Adidas implemented a Standard Minute Value (SMV) Costing system with its apparel suppliers in Asia and has started to do the same with its apparel suppliers in the Americas. This costing system allows for further transparency in the costs of materials, labour, and overhead to produce Adidas' apparel products."</p>	<p>https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf - pg 98 http://www.fairlabor.org/sites/default/files/documents/reports/adidas_reaccreditation_assessment_october_2017.pdf - pg 19</p>

	<p>Puma There is evidence that Puma has own KPIs to measure performance. “The number of shared compliance audits with our industry peers doubled and the joint industry assessment tool from the Social & Labor Convergence Project, which will replace our own audit tool in the future, was piloted. To ensure a high degree of transparency and to promote the sharing of environmental and social data with our industry peers, we have chosen to work with external and often public databases, including: The Fair Factories Clearinghouse to share compliance audit data with other brands. We also collect social and environmental performance data from our company’s own sites and from our core suppliers engaged in manufacturing our products.” Joint industry assessment tool (SLCP) piloted Δ 27% of audits shared . Puma also has own data-collection of wage data, as is shown in their annual report on page 71: SELECTED SOCIAL KPIS FROM PUMA T1 CORE SUPPLIERS Gross wage paid above minimum wage excluding overtime and bonuses (%) Gross wage paid above minimum wage including overtime and bonuses (%) The second year of our S-KPI data collection confirmed the trends already visible in 2016:</p> <ul style="list-style-type: none"> • Our suppliers pay significantly above the minimum wage. On average, basic wages are 26% higher. When overtime and bonuses are added, the average premium is 87%; • Good global coverage of social insurance (except China); • Only a minority of our suppliers have collective bargaining agreements in place. 	<p>http://about.puma.com/en/sustainability/reports/puma-s-sustainability-reports http://about.puma.com/en/sustainability/supply-chain/external-audits http://about.puma.com/en/sustainability/supply-chain/key-performance-indicators</p>
<p>Remedy (UNGP C6): Through what means does the company receive complaints about non-payment of a living wage?</p>	<p>Adidas In addition to the FLA’s Third Party Complaint process and beyond the regular assessment to ensure factories have grievance mechanisms in place, Adidas has its own complaint channel process, that can be used to report violations in the supply chain. This channel and instructions in 10 different languages are included on the Adidas Human Rights webpage. On an annual basis, Adidas reports the status of complaints through this channel, indicating the region and the types of organizations that have reported the complaints. For 2016, Adidas had 12 complaints from local and/or international NGOs or unions, including some FLA Third Party Complaints. Adidas’ public reporting includes complaints submitted to the FLA and indicates if the FLA Third Party Complaint was of a supplier of an Adidas licensee. Through both complaint mechanisms, Adidas has addressed freedom of association violation allegations at the factory-level through investigation, buyer collaboration, mediation, training, corrective action plans, and verification of remediation. Because of the complexity and personal dynamics in violations of freedom of association, not all freedom of association violations can be resolved through a “one-size-fits-all” approach; however, the remediation conducted to address the Third Party Complaints illustrate Adidas’ commitment to address allegations of violations through a variety of methods to uphold workers’ rights to freedom of association.</p> <p>Adidas provides hotline posters in all Tier 1 and wet-process facilities, informing workers how to contact local Adidas staff directly. As this channel has been in place for several years Adidas has recognized that the technology to report grievances has evolved to more mobile applications and text platforms. Workers prefer that their grievances be addressed by factory management. Recognizing this commonality, Adidas has started to work with its suppliers to shift to a mobile application (app) and short message service (SMS) text messaging to implement an SMS Worker Hotline. In Indonesia, Vietnam, Cambodia, and China, Adidas suppliers have registered with a service provider, who provide reports to factory management that come through a SMS or app-based service. These reports also identify trends in grievances, which allow for factory management to address rumors that may be spreading throughout the workforce in a more direct and efficient manner. While Adidas’ telephone hotline is still available to all workers, this SMS grievance service allows for suppliers to own their confidential reporting channel, address grievances, review trends on grievances, and keep Adidas informed. FLA reviewed Adidas’ data on the SMS Worker Hotline from 2016: over 28,000 workers were covered by the SMS Worker Hotline in Cambodia, Indonesia, Vietnam, and China, and over 23,000 grievances were submitted through this hotline (see 2018 updated dated data in the 2018 adidas Annual Report). The service provider is also able to track how many workers register in the system, download the application, and how the grievance is submitted (either through SMS or application). In China, WeChat was most used by workers to submit grievances, rather than through SMS or the application. In 6 months, over 5,000 grievances were submitted in China from three suppliers, over 3,600 of those grievances were submitted through WeChat. FLA encourages Adidas to continue to roll out of this system throughout its supply chain in the Americas and EMEA regions.</p>	<p>http://www.fairlabor.org/sites/default/files/documents/reports/adidas_reaccreditation_assessment_october_2017.pdf - pg 10-11 and 16.</p>

Puma

PUMA offers a confidential worker/3rd party complaints management process. Contact numbers and an email address of the PUMA Sustainability Team are displayed in each factory producing for PUMA through the mandatory posting of the PUMA Code of Conduct in local language and accessible to the workers. The aim of this process is to pick up and help resolving problems or issues already raised by workers in the factory internally without any success for their remediation. In addition and independent of the PUMA worker hotline, the Fair Labor Association offers a formal third party complaints mechanism, where complaints about violations of the FLA Code of Conduct can be raised by third party institutions like Unions or NGOs. Both PUMA and FLA monitor these mechanisms.

Third party complaints included wages, employment relationships and working hours. Puma's supply chain team identified four cases of zero tolerance issues in 2017. These cases were mainly related to the underpayment of minimum wages. All factories were asked to immediately remedy the issues in question. Two factories were consequently removed from our supplier base and two factories rectified the payments and therefore remained active PUMA suppliers.

The number of worker complaints received (81) by our team increased slightly, with a more even geographical distribution of complaints.

The overall resolution rate of workers complaints remained stable, above 90% for the third consecutive year.

Three worker complaints were classified as zero-tolerance and successfully resolved. The prevailing causes of complaints included wages, employment relationship and working hours, as well as dignity and respect in the workplace.

In addition, Puma received ten third-party factory complaints covering 17 issues. The third party complaints focused mainly on freedom of association, fair compensation and dignity and respect. All third-party complaints were followed up and closed either through resolution or by providing a detailed explanation to the complaining organization.

6. Transparency

Indicator	Disclosure H&M	
Number and geographic areas of own manufacturing operations and manufacturing operations in supply chain	See https://sustainability.hm.com/en/sustainability/downloads-resources/resources/supplier-list.html	
Wage data at own manufacturing operations and manufacturing operations in supply chain	National minimum wages	See https://about.hm.com/en/sustainability/sustainable-fashion/wages/key-impacts-and-learnings.html
	Average industry wages	
	Reliable living wage estimates	
	Collectively bargained wages	
Data about dimensions surrounding wage own manufacturing operations and manufacturing operations in supply chain	Excessive overtime	H&M provides information on the number of suppliers that have implemented democratically elected worker representation (part of workplace dialogue program). H&M Sustainability Report 2018 (p. 68).
	Types of contracts	
	FoA	
	CB agreements	
Information about responsible purchasing practices that enables management of manufacturing operations in supply chain to pay a living wage (procurement, lead times, wage management systems etc)	WMS Guidelines	
Information about capacity building and trainings provided in the area of social dialogue/ collective bargaining at own manufacturing operations and manufacturing operations in supply chain	https://about.hm.com/en/media/news/general-2017/almost-half-a-million-textile-workers-are-now-represented-by-dem.html	
Information about length of relationship with key suppliers	<p>Platinum & gold Suppliers graded with platinum or gold are the company's strategic partners and preferred suppliers. They make around 60% of the company's products. They benefit from long-term partnerships including incentives such as joint capacity planning up to five years ahead. This allows their factories to use their capacity as efficiently as possible and gives them greater planning security. Only suppliers with the best performance in all areas, including sustainability, can become such strategic partners. And H&M works very closely with them to together become better every day, for example through trainings, workshops or even joint investments.</p>	
	<p>Silver Silver suppliers are suppliers that the company has long-term oriented and close relations with. H&M provides, for example, joint capacity planning up to one year ahead. The company works closely with them and evaluate and discuss their performance regularly, providing training and support for further improvements.</p> <p>https://sustainability.hm.com/en/sustainability/downloads-resources/resources/supplier-list.html</p>	

Number of living wage grievances raised and plans to remedy	<i>Not disclosed</i>
Name of Board member accountable for human rights/ living wage implementation	https://about.hm.com/en/about-us/corporate-governance/company-management.html
The company has reported on other relevant initiatives and information that are driving the payment of a living wage throughout their own manufacturing base and supply chain.	e.g. ENGAGING WITH GOVERNMENTS Enabling legal and institutional frameworks is crucial for well-functioning industrial relations. H&M engages with governments and policy makers directly and indirectly, conduct advocacy work and have an agreement with ILO to cooperate and collaborate around the implementation of the Decent Work Agenda. Through its partnerships, the company is in a good position to engage with governments and other national stakeholders.

Indicator	Disclosure M&S	
Number and geographic areas of own manufacturing operations and manufacturing operations in supply chain	https://interactivemap.marksandspencer.com/	
Wage data at own manufacturing operations and manufacturing operations in supply chain	National minimum wages	M&S Wage Ladder Research Vietnam M&S Living Wage Desk Research Sri Lanka
	Average industry wages	<i>Not disclosed</i>
	Reliable living wage estimates	<i>Not disclosed</i>
	Collectively bargained wages	<i>Not disclosed</i>
Data about dimensions surrounding wage own manufacturing operations and manufacturing operations in supply chain	Excessive overtime	<i>Not disclosed</i>
	Types of contracts	<i>Not disclosed</i>
	FoA	<i>Not disclosed</i>
	CB agreements	M&S has a website which lists all suppliers, including the presence of a worker committee/trade union
Information about responsible purchasing practices that enables management of manufacturing operations in supply chain to pay a living wage (procurement, lead times, wage management systems etc)	Within its Plan A commitments the company was the first retailer to make a public commitment to ensure the cost prices it pays are adequate for its suppliers to pay fair wages. It carries out buyers training to ensure its critical path management is sufficient so the suppliers are not pressured by production times. And as its products are not classified as fast fashion it do not have short production times.	
Information about capacity building and trainings provided in the area of social dialogue/ collective bargaining at own manufacturing operations and manufacturing operations in supply chain	At its supplier factories the company carries out various capacity building programmes, continuous improvement programmes and worker training to ensure worker voice is incorporated into HR management systems.	

Information about length of relationship with key suppliers	The company's ongoing business transformation also implies that the total number of the company's suppliers will be reduced. This will be done on the basis of a custom-made scorecard that will also include social metrics. Its strategic suppliers should be retained, but all suppliers will be benchmarked and sifted through to select the most appropriate suppliers going forward. The assessment will be done both on a supplier- and factory-level. In terms of social compliance, the benchmarking should go beyond merely reflecting on social audit results. This benchmarking and exclusion exercise should ultimately lead to a more sustainable supply chain.
Number of living wage grievances raised and plans to remedy	<i>Not disclosed</i>
Name of Board member accountable for human rights/ living wage implementation	M&S Human Rights Policy
The company has reported on other relevant initiatives and information that are driving the payment of a living wage throughout their own manufacturing base and supply chain.	Through its Global Community Programme the company supports a number of programmes that help to enhance the lives of people and communities in its supply base, in partnership with organisations such as the Better Cotton Initiative, Emerging Leaders, German Development Agency (GIZ), Geosansar, and Project Hope. https://corporate.marksandspencer.com/sustainability/business-wide/human-rights#9caca11e5ca24323bfd5cd2772ed6572

Indicator	Disclosure Adidas (including post-2018 assessment information)	
Number and geographic areas of own manufacturing operations and manufacturing operations in supply chain	https://www.adidas-group.com/en/sustainability/compliance/supply-chain-approach/#/ https://www.adidas-group.com/en/sustainability/compliance/supply-chain-structure/	
Wage data at own manufacturing operations and manufacturing operations in supply chain	National minimum wages	<i>Information provided directly by the company</i>
	Average industry wages	<p>The company's 2017 wage data collection efforts focused on the testing and improvement of the FLA data collection tool and its internal data collection methodology. At that time, adidas was one of 3 FLA business affiliates that volunteered to work with FLA to test and improve the FLA wage data collection tool. During this first effort of data collection, the company identified opportunities for improvement to the tool and to its original wage data collection methodology. These improvements allowed adidas to have more accurate results in 2018.</p> <p>In terms of specific country findings, adidas identified the following:</p> <p>Honduras</p> <p>Factory net wages from its sample factories surpassed the then current minimum wage by (percentage disclosed).</p> <p>These same net wages were assessed against living wage estimates of the Worker Rights Consortium available for Honduras (percentage disclosed).</p> <p>Cambodia</p> <p>adidas assessed factory net wages against the Asia Floor Wage's benchmark. (percentage disclosed)</p>
	Reliable living wage estimates	
	Collectively bargained wages	

<p>Data about dimensions surrounding wage own manufacturing operations and manufacturing operations in supply chain</p>	<p>Excessive overtime</p> <p>Types of contracts</p> <p>FoA</p> <p>CB agreements</p>	<p>Adidas indicates that the actual 2019 minimum wage in Cambodia was “considerably lower” than the average take home of workers employed by adidas supplier factories (including legally accepted overtime). This is based on a recent country study adidas conducted on its own.</p> <p>Indonesia (2018)</p> <p>On average, factories surpassed the applicable minimum wage by (percentage disclosed). Adidas assessed some of its factories against the living wage benchmarks (details disclosed). Data for Vietnam is currently being analyzed.</p> <p><i>Not disclosed</i></p> <p><i>Not disclosed</i></p> <p><i>Not disclosed</i></p> <p><i>Information provided directly by the company</i></p> <p>adidas has sourcing operations in more than 55 countries. In these countries labour and unions laws differ highly in reach and execution. Despite legislation in some countries like Pakistan, Thailand or Indonesia the overall unionization across all countries is extremely low. According to the company’s data 64 % of adidas supplier factories that account for approx. 75% of the company's sourcing volume are unionized and 56% of them have specific collective bargaining agreements in place. Eg. in Indonesia and Cambodia 80 % of its supplier factories are unionized. Data relating to FoA is self-declared data from the company’s global supplier compliance data base. It does not take into account the difference between independent trade unions and government-mandated or state-backed trade unions, i.e. e those that operate in Vietnam and China. For those countries adidas promotes other “parallel means”, such as the free and democratic election of worker representatives or the establishment of worker welfare committees.</p>
<p>Information about responsible purchasing practices that enables management of manufacturing operations in supply chain to pay a living wage (procurement, lead times, wage management systems etc)</p>		<p>http://www.fairlabor.org/sites/default/files/documents/reports/adidas_reaccreditation_assessment_october_2017.pdf</p>
<p>Information about capacity building and trainings provided in the area of social dialogue/ collective bargaining at own manufacturing operations and manufacturing operations in supply chain</p>		<p>https://www.adidas-group.com/en/sustainability/compliance/supply-chain-approach/#/training-and-empowering-suppliers/</p>
<p>Information about length of relationship with key suppliers</p>		<p><i>Information provided directly by the company</i></p> <p>adidas’s sourcing model heavily relies on long-term business relationships: more than 80% of its strategic suppliers work with the company for more than 10 years., with more than 40% adidas even has a tenure of 20 years.</p>

Number of living wage grievances raised and plans to remedy

https://www.adidas-group.com/media/filer_public/65/ad/65adad7e-63b8-4400-afaf-e099b8ae6cf7/summary_of_human_rights_complaints_handled_by_adidas_in_2018_web_en.pdf

Name of Board member accountable for human rights/ living wage implementation

https://www.adidas-group.com/media/filer_public/ca/ba/caba936a-7da7-4710-9d88-d437bac87923/adidas_responsible_sourcing__purchasing_policy_en.pdf

The company has reported on other relevant initiatives and information that are driving the payment of a living wage throughout their own manufacturing base and supply chain.

http://www.fairlabor.org/sites/default/files/documents/reports/adidas_reaccreditation_assessment_october_2017.pdf

